

BOCA RATON AIRPORT AUTHORITY

# INVESTMENT REPORT

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FISCAL YEAR  
**2017**



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## SECTION ONE:

# ABOUT THE BOCA RATON AIRPORT AUTHORITY

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The Boca Raton Airport is publicly-owned by the State of Florida and is designated as a general aviation transport facility, serving the corporate, recreational, and flight training needs of the region. It is located on 220 acres in Boca Raton off of I-95 between Spanish River Boulevard and Glades Road. The Airport's one runway 5/23 is 6,276 feet long and 150 feet wide.

The Airport is operated by the Boca Raton Airport Authority, a seven-member Board established by the Florida Legislature as an Independent Special District of the State of Florida. Five members are appointed by the Boca Raton City Council and two are appointed by the Palm Beach County Commission. Each Board member serves a term of two years.

The Airport Authority was established in order to operate, maintain, and develop the Boca Raton Airport in a safe, professional manner; enhance services and facilities available to the Airport's tenants and users; improve the Airport's relationship with the surrounding community; eliminate financial subsidies by local taxpayers and the Board of Trustees; and limit the potential for operational liability by the State and the local community.

In October 2011, the Airport Authority developed a Strategic Business Plan that identified the Airport's mission to be a world class Public Use General Aviation facility that benefits our growing business and regional communities.

### THE AIRPORT'S STRATEGIC GOALS ARE TO:

1. Strengthen Community Relations
2. Mitigate Noise Impacts
3. Enhance Financial Performance
4. Effectively Operate in a Changing Government Environment
5. Explore Land Opportunities

The Airport Authority sustains the Airport's operations by generating revenue from land leases and fuel fees. Operating surpluses are reinvested in infrastructure improvements included in the Airport Capital Improvement

Program and used to match FAA Airport Improvement Program and Florida Department of Transportation Aviation Work Program grants.

## SECTION TWO:

# UNDERSTANDING OUR INVESTMENT POLICY

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The Boca Raton Airport Authority's Accounting Policy and Procedure Manual dictates that Authority funds should be properly invested to safeguard against physical loss or misuse. Invested funds are funds not presently needed for airport operations or capital projects.

The Authority's investment policy mirrors Florida Statute, Section 218.415(17), which states that units of local government may invest or reinvest any public funds in their control or possession in:

- The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. [163.01](#).
  - Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
  - Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. [280.02](#).
  - Direct obligations of the U.S. Treasury.
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Further, the Authority has established keen objectives with regard to its investment strategy:

- **Safety** – The primary objective of the Authority's investment activities is the protection of investment capital.
  - **Liquidity** – The Authority's investment strategy will provide sufficient liquidity such that cash flow requirements are met through the utilization of investments with structured maturities.
  - **Investment Income** – The Authority will strive to maximize the return on the portfolio while minimizing investment risk.
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Management is responsible for ensuring proper compliance with both Florida Statutes and the established investment strategy. The Authority's compliance with the requirements of Florida Statute, Section 218.415 is

examined by the Independent Auditor and any opinion on the Authority's compliance is reported to the Board in conjunction with the Annual Financial Audit Report.

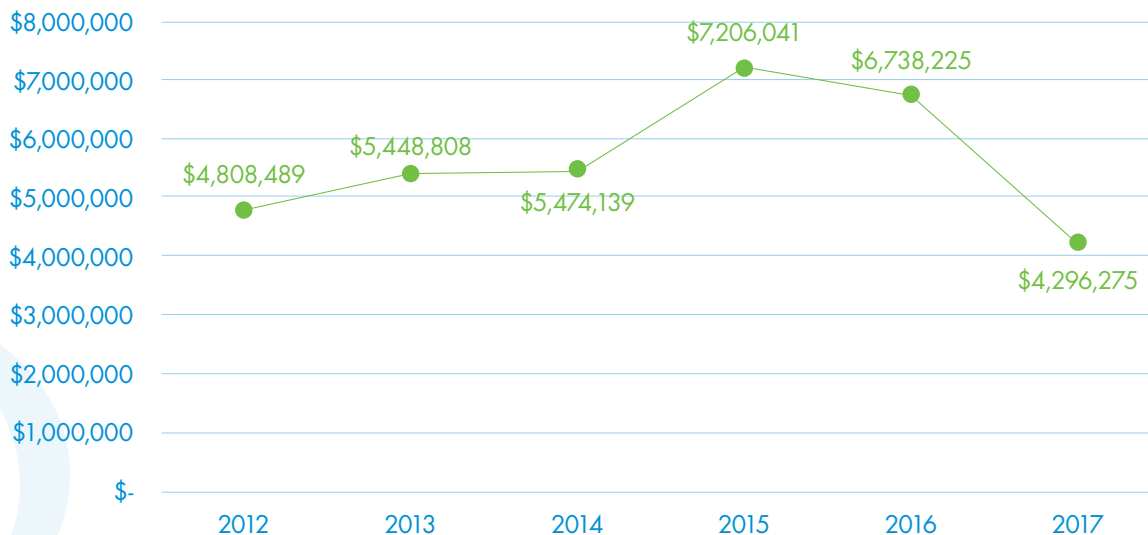
## SECTION THREE:

# 2017 INVESTMENT HIGHLIGHTS

As of May 31, 2017, the Airport's invested funds total \$4,296,275, a decrease of 36% over prior year. This decrease in surplus funds is consistent with the Fiscal Year 2017 Operating, Capital Outlay, and Capital Improvement Plan Budgets, and is directly attributable to the Airport's matching share of the U.S. Customs Facility and EMAS projects currently underway. While the Airport's fund balance is anticipated to fluctuate as the year progresses, a \$1.5 million increase is

expected by year end. Of the \$4,296,275 in invested funds, \$184,202 are restricted funds, held as security deposits for the Premier Aviation and City Furniture leaseholds. Hence the total invested funds balance available for the Airport's operational and capital needs is \$4,112,074.

## BRAA INVESTED FUNDS



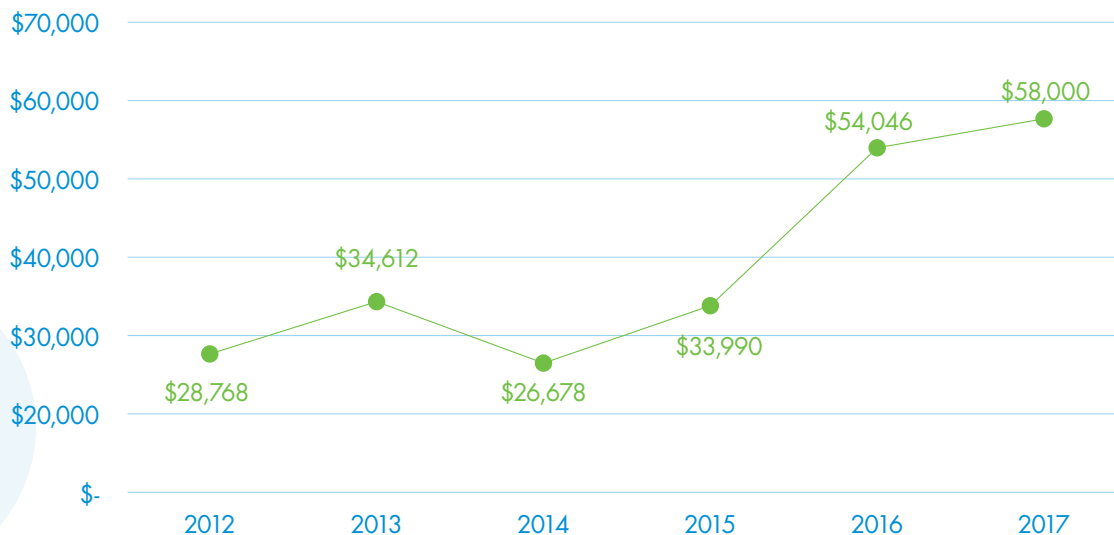
## SECTION THREE: 2017 INVESTMENT HIGHLIGHTS

The Airport's funds are invested in Certificates of Deposit (C.D.), the Certificate of Deposit Account Registry Service (CDARS), Insured Cash Sweep (ICS), and Money Market Accounts at various Qualified Public Depositories. These funds are 100% protected in a combination of coverage provided by the Federal Deposit Insurance Corporation and Florida's Public Deposits Program.

As of May 31, 2017, approximately 89% of Airport funds are invested in Certificates of Deposit, while the remaining 11% are invested in Money Market Accounts and ICS. No funds are currently invested in the Certificate of Deposit Account Registry Service (CDARS). The Airport's investments are yielding an

average annual rate of return of 1.1%, a minor increase over prior year. Consequently, interest income is \$36,681 year-to-date, a decrease of 5.9% to budget. Based on the current investments schedule, interest income is projected to be \$58,000 for Fiscal Year 2017, an increase of \$3,954 over prior year. This modest increase in interest income is attributable to ongoing cash flow analysis, diligent efforts to procure competitive rates of return, and a continued commitment by management to maximize the return on the Airport's portfolio while minimizing investment risk and meeting ongoing capital improvement goals.

### INTEREST INCOME



## SECTION THREE:

# INVESTMENT SCHEDULE

BOCA RATON AIRPORT AUTHORITY INVESTMENT SCHEDULE - May 31, 2017 (Unaudited)

| CITIBANK - MONEY MARKET                                  |               |       |                     |
|--|---------------|-------|---------------------|
| TERM   | MATURITY DATE | APY   | CURRENT BALANCE     |
| Liquid   | -             | 0.40% | \$ 802              |
| FLAGLER BANK - MONEY MARKET                              |               |       |                     |
| TERM   | MATURITY DATE | APY   | CURRENT BALANCE     |
| Liquid   | -             | 0.70% | \$ 317              |
| STONEGATE BANK - ICS                                     |               |       |                     |
| TERM   | MATURITY DATE | APY   | CURRENT BALANCE     |
| Liquid   | -             | 0.90% | \$ 482,082          |
| EVERBANK - CD  |               |       |                     |
| TERM   | MATURITY DATE | APY   | CURRENT BALANCE     |
| 18 Months  | 3/19/2018     | 1.20% | \$ 1,052,848        |
| CITI NATIONAL BANK - CD                                  |               |       |                     |
| TERM   | MATURITY DATE | APY   | CURRENT BALANCE     |
| 10 Months  | 1/16/2018     | 1.00% | \$ 2,576,025        |
| EVERBANK - CITY FURNITURE RESTRICTED CD SECURITY DEPOSIT |               |       |                     |
| TERM   | MATURITY DATE | APY   | CURRENT BALANCE     |
| 3 Years  | 6/22/2019     | 1.22% | \$ 113,694          |
| EVERBANK BANK - PREMIER RESTRICTED CD SECURITY DEPOSIT   |               |       |                     |
| TERM   | MATURITY DATE | APY   | CURRENT BALANCE     |
| 5 Years  | 3/19/2020     | 2.23% | \$ 70,507           |
| <b>CASH EQUIVALENTS</b>                                  |               |       | \$ 483,201          |
| <b>UNRESTRICTED CDS</b>                                  |               |       | \$ 3,628,873        |
| <b>RESTRICTED CDS</b>                                    |               |       | \$ 184,202          |
| <b>TOTAL INVESTED FUNDS</b>                              |               |       | <b>\$ 4,296,275</b> |

## SECTION FOUR:

# UNRESTRICTED NET ASSET BALANCE

In accordance with the Authority's emergency reserves policy, sound financial management principles require that sufficient funds be retained by the Authority to provide a stable financial base at all times. In order to retain this stable financial base, the Authority is committed to maintaining a surplus fund balance sufficient to provide financial resources for unanticipated expenditures and/or revenue shortfalls of an emergency nature. As such, the unrestricted net asset balance, or

the difference between current assets and current liabilities, shall not fall below 75% of budgeted operating expenses, including depreciation. For Fiscal Year 2017, the required 75% of budgeted operating expenses including depreciation is equal to \$2,924,502. The Airport has also committed to capital outlays of \$200,500 for the overall enhancement of airfield management and response capabilities.

In addition, the Airport has established a robust Capital Improvement Plan consisting of:

- Customs and Border Protection Facility
- Runway 5 End Engineered Materials Arresting System Construction
- Security Enhancements
- Access Road Development
- Electrical Vault, Airfield Signage, and Airfield Lighting Improvements
- Safety Management System

The Authority's share of funds committed to the Airport's Capital Improvement Plan for Fiscal Year 2017 is \$901,908.

while the current commitments to operating expenses, capital outlay, and the capital improvement plan total \$4,026,910, including depreciation.

As of May 31, 2017, the Authority's unrestricted net asset balance is \$5,535,795,

### BOCA RATON AIRPORT AUTHORITY UNRESTRICTED NET ASSET BALANCE May 31, 2017 (Unaudited)

| <b>ASSETS</b>                               |                     |
|---|---------------------|
| Current Assets .....                        | \$ 6,399,140        |
| Rent Receivable .....                       | \$ 494,644          |
| <b>Total Current and Other Assets</b> ..... | <b>\$ 6,893,784</b> |
| <b>LIABILITIES</b>                          |                     |
| Current Liabilities .....                   | \$ 1,190,110        |
| Non-Current Liabilities .....               | \$ 167,879          |
| <b>Total Liabilities</b> .....              | <b>\$ 1,357,989</b> |
| <b>TOTAL UNRESTRICTED NET ASSETS</b> .....  | <b>\$ 5,535,795</b> |



## SECTION FIVE:

# LOOKING AHEAD

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**W**ith the use of a financial forecasting model, Airport management is able to closely monitor fund balances. Based on the approved Fiscal Year 2017 Operating, Capital Outlay, and Capital Improvement Plan Budgets, the Airport's invested funds balance is expected to continue to fluctuate and increase by approximately \$1.5 million by the end of Fiscal Year 2017. The variations in the projected Airport invested funds is directly

attributable to the Airport's matching share of the U.S. Customs and Border Protection Facility and the mandated EMAS project currently underway. As Airport management develops the Fiscal Year 2018 Operating, Capital Outlay, and Capital Improvement Plan Budgets, it will continue to analyze Airport fund balances and ensure sufficient liquidity to meet future commitments.

## INVESTMENT REPORT PRESENTATION

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On behalf of the Secretary/Treasurer and Airport Management, I respectfully present the Fiscal Year 2017 Investment Report to the Airport Authority.

*Clara Bennett*  
EXECUTIVE DIRECTOR

JUNE 21, 2017